

Milk Producers Council
13545 Euclid Avenue
Ontario, CA 91761
(909) 597-1128

Western United Dairymen
1315 K Street
Modesto, CA 95358
(209) 527-6453

April 26, 1996

Mr. Lester Snow
Executive Director
CALFED Bay-Delta Program
1416 Ninth Street, Suite 1155
Sacramento, CA 95814

APR 26 1996

VIA FAX @ (916) 654-9780

RE: Programmatic EIS/EIR
Alternative Solutions

Dear Mr. Snow:

This letter is written on behalf of the California milk producer industry, the largest single farm gate commodity in California, registering receipts in excess of \$2.9 billion in 1995. California is also the number one producing state in the nation, exceeding long time leader Wisconsin in September of 1993.

We would like to acknowledge the great amount of work you and your colleagues have accomplished to date. We appreciate the diligence you bring to the difficult task you have been given and the timeliness with which you are producing a work product. While the challenge you face is large, the alternatives you have put forward do seem to capture the universe of options available to "fix the delta." It is on these alternatives that wish to comment.

The membership that we collectively represent seriously object to the large amount of land retirement identified in the demand management category of the CALFED alternatives. An unsystematic and deliberate approach to removing 200,000 to 800,000 acres of land from production is not a solution for dealing with California's historic failure to correct the Bay-Delta problems.

In addition to the ecosystem approaches that recently have been used to deal with environmental problems, there is also an eco(nomic) system that is the prevalent foundation of the California economy, developed over the last 150 years. This economic foundation has to be recognized as alternative solutions are discussed during forums and analysis.

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For example, an analytical report completed for the dairy industry in September of 1994 (previously delivered to your office under separate letter, dated April 24, 1996) demonstrates that the true value of alfalfa cannot be determined in the field alone, but must be "backward linked" to the many industries that prepare for the investment of the feedstuff, as well as the "forward linkages" involved after the alfalfa is moved into the "dairy" system. When this is done the economic impacts of water cutbacks are put into a more accurate accounting and significant problems arise that may not be first fully realized.

This type of synergy exists throughout the California economy as an August 1995 white paper by Project CPR entitled Future of the California Economy and the Bay-Delta Accord documented.

The California Department of Water Resources in Bulletin 160 identifies future water shortages of millions of acre feet per year. None of the CALFED alternatives will in and of themselves fill this demand. Some marginal land will be retired as natural water shortages exist or commodity market forces dictate rotating crop patterns, but to apply a social engineering approach to water reallocation found in the land retirement portions of many of the alternatives needs to be dropped, and more effort put into other demand side management approaches that require low or no government involvement.

Another concern we have with your alternatives revolves around the fact that we see no modeling or scientific analysis attached to the various alternatives. You have indicated that the analysis will come in the next phase of the process. We are counting on the commitment made by you and others that the CALFED process is about finding the best scientifically possible, affordable and implementable solution to the delta problem.

We also have very serious concerns about the assumptions that are used as you and your staff prepare for public review the "no action alternative". It is very important that you acknowledge the 400,000 to 1.2 million acre feet of water that was temporarily reallocated to the environment in the Bay-Delta Accord. The Accord is a three year agreement designed to allow for the development of a long term fix to the environmental problems in the delta. The lower water deliveries to agriculture brought about by the temporary agreement should not become part of the baseline from which will be used to calculate the environmental enhancement derived from reduced water exports in the various alternatives. It would not be equitable if a starting point for calculating environmental improvement in the delta is a point that ignores the tremendous, but temporary sacrifices the water users made in the Bay-Delta Accord.

We have been made aware of urban interest groups supporting a modified alternative that would size a through and/or around the delta facility(s) that would transport only water for municipal and safety uses. This suggestion in no way fulfills the historic demand and contracts that

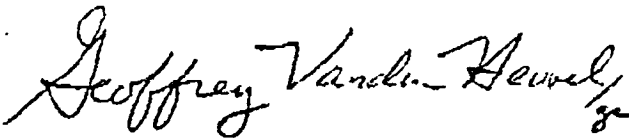
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provides for the large capital investments in farm properties and facilities throughout California, mainly in the San Joaquin Valley, for both the state and federal projects and project contractors. If this is a suggestion that California's agricultural farming families, commodity industries and the consumers must fend for themselves in this decision making process we strongly object to being ignored in such an alternative. The bottom line is that agriculture is not seeking an increase in overall water supply. Agriculture simply needs and insists on a CALFED Bay-Delta result that restores to agriculture the water supply that was diverted for environmental purposes by actions taken to implement the Endangered Species Act, the Central Valley Project Improvement Act and the Bay-Delta Accord.

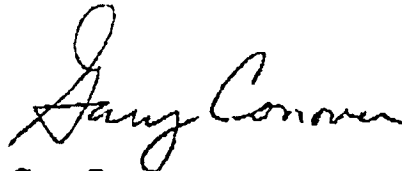
A very positive scenario we are pleased to see in some of the alternatives is the presence of increased storage in Northern California. We agree that it is absolutely vital we look to capturing and storing more water in order to supply California's growing needs. The preliminary information we have seen on the Sites Reservoir in Northern California looks very promising. According to the preliminary analysis we have seen it appears a reservoir in the Sites location could yield a significant amount of water in a very affordable and environmentally acceptable fashion. We understand that DWR is in the process of preparing a more detailed analysis of this project and we strongly urge CALFED to include the Sites Reservoir project in the next phase of alternatives review.

Thanks again, Lester, for all of your and your staff's effort.

Sincerely,



Geoffrey Vanden Heuvel
Milk Producers Council



Gary Conover
Western United Dairymen

cc: Governor Pete Wilson
Secretary of State Bill Jones
Senator Jim Costa, Chair, Senate Ag & Water
Assemblyman Dominic Cortese, Chair, Assembly Water, Parks & Wildlife